

Virginia Department of Mines, Minerals & Energy  
Virginia Gas and Oil Board

[Minutes and results of hearing, April 17, 2007]

Board members present (Quorum was established): Ms. Barber, Ms. Dye, Mr. Prather, Ms. Quillen, Mr. Wampler

1. The Board received a quarterly report on the board escrow account as administered by Wachovia Bank, Escrow Agent for the Virginia Gas and Oil Board. Opening balance for the quarter was \$15,942,163.52. The account received deposits of \$515,175.52 plus interest of \$167,975.62, and was debited for \$42,568.59 in disbursements leaving a closing balance of \$16,582,745.88. Annualized interest rate for the quarter was 5.12%.

2. The Virginia Gas and Oil Board heard a petition from Pine Mountain Oil and Gas, Inc. for pooling of coalbed methane unit Lovers Gap 37, Unit 77-Z, Prater District, Buchanan County, Virginia. Docket Number VGOB-07-0320-1907. Continued from March.

In the 77-Z 58.77-acre unit, the operator controls 100% of the coal and 57.1% gas interests, and seeks to pool the remaining 42.9% of the gas interests. Unleased gas acreage subject to pooling totals 25.2 net acres in six tracts having 11 unleased owners. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

3. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC appealing a decision by the Director of the Division of Gas and Oil to deny issuance of permits subsequent to Informal Fact Finding Conference 19607. Docket Number VGOB-07-0417-1909.

The Director denies issuance to CNX Gas Company, LLC of 12 permits to drill new gas wells. The denials were based on objections raised by GeoMet Operating Company, gas owner and the Board's designated operator in units to be served by the proposed wells. GeoMet's objections state that issuance of permits to drill to any party other than the Board's designated operator circumvents the Board's orders. Continued to May.

4. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tracts 4A, 4D and 4E, Unit V-36, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0324-0638-02.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to June.

5. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 1B, Unit AA-8, Prater and Hurricane Districts, Buchanan County, Virginia. Docket Number VGOB-90-1010-0032-03.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to June.

6. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 3B, Unit AY-118, New Garden District, Russell County, Virginia. Docket Number VGOB-03-1216-1238-01.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to June.

7. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 2C, Unit AA-9, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-91-0430-0116-02.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to June.

8. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 2C, Unit BB-8, Prater and Hurricane Districts, Buchanan County, Virginia. Docket Number VGOB-90-1010-0033-03. Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to June.

9. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit D-53, Garden District, Buchanan County, Virginia. Docket Number VGOB-07-0417-1910.

In the D-53 80-acre unit, the operator controls 100% of the coal and 97.2% gas interests, and seeks to pool the remaining 2.8% of the gas interests. Unleased gas acreage subject to pooling totals 2.3 net acres in three tracts having three unleased claimants. There are conflicting claimants and unlocated owners subject to escrow. A permit to drill the unit was issued on 6/15/06. Pooling was approved.

10. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit W-5, Prater District, Buchanan County, Virginia. Docket Number VGOB-07-0417-1911.

In the W-5 80-acre unit, the applicant controls 99.7% of the coal interests and 95.8% of the gas interests, and seeks to pool the remaining 0.3% of the coal interests and 4.2% of the gas interests. Unleased coal acreage subject to pooling totals 0.3 net acres in one tract with 16 unleased owner. Unleased gas acreage totals 3.4 net acres in three tracts having 48 unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 1/16/07. Pooling was approved.

11. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AY-102, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-07-0417-1912.

In the AY-102 58.77-acre unit, the operator controls 100% of the coal and 59.3% gas interests, and seeks to pool the remaining 40.7% of the gas interests. Unleased gas acreage subject to pooling totals 23.9 net acres in four tracts having 24 unleased claimants. There are conflicting claimants and unlocated owners subject to escrow. A permit to drill the unit was issued on 5/30/06. Pooling was approved.

12. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BC-135, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-07-0417-1913.

In the BC-135 58.74-acre unit, the applicant controls 87.0% of the coal interests and 87.4% of the gas interests, and seeks to pool the remaining 13.0% of the coal interests and 12.6% of the gas interests. Unleased coal acreage subject to pooling totals 7.6 net acres in eight tracts with five unleased owner. Unleased gas acreage totals 7.4 net acres in seven tracts having five unleased owners. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on 1/30/07. Pooling was approved.

13. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit DD-49, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-07-0417-1914.

In the DD-49 80-acre unit, the operator controls 97.1% of the coal and gas interests, and seeks to pool the remaining 2.9% of the interests. Unleased acreage subject to pooling totals 2.3 net acres in one tract having one unleased owner. There are no conflicting claimants subject to escrow. A permit to drill the unit was issued on 2/18/05. Pooling was approved.

14. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit FF-41, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-07-0417-1915.

In the FF-41 89.45-acre unit, the operator controls 100% of the coal and 99.6% gas interests, and seeks to pool the remaining 0.4% of the gas interests. Unleased gas acreage subject to pooling totals 0.4 net acres in one tract having one unleased claimant. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on 1/18/07. Pooling was approved.

15. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-537614, Kenady District, Dickenson County, Virginia. Docket Number VGOB-07-0417-1916.

In the VC-537614 58.77-acre unit, the operator controls 100% of the coal and 83.7% gas interests, and seeks to pool the remaining 16.3% of the gas interests. Unleased gas acreage subject to pooling totals 10.4 net acres in 12 tracts having 12 unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

16. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-537155, Lipps District, Wise County, Virginia. Docket Number VGOB-07-0417-1917.

In the VC-537155 58.89-acre unit, the operator controls 100% of the coal and 99.2% gas interests, and seeks to pool the remaining 0.8% of the gas interests. Unleased gas acreage subject to pooling totals 0.5 net acres in one tract having four unleased claimants. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

17. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-537100, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-0417-1918.

In the VC-537100 58.77-acre unit, the operator controls 100% of the coal and 98.1% gas interests, and seeks to pool the remaining 1.9% of the gas interests. Unleased gas acreage subject to pooling totals 1.1 net acres in one tract having three unleased claimants. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on 12/12/06. Pooling was approved.

18. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-501842, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-0417-1919.

In the VC-501842 58.77-acre unit, the operator controls 100% of the coal and 82.8% gas interests, and seeks to pool the remaining 17.2% of the gas interests. Unleased gas acreage subject to pooling totals 10.1 net acres in four tracts having 20 unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

19. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of conventional gas unit V-536801, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-07-0417-1920.

In the V-536801 112.69-acre conventional gas unit, the applicant controls 87.9% of the oil and gas interests, and seeks to pool the remaining 12.1% of the interests. Unleased acreage subject to pooling totals 13.6 net acres in four tracts having three unleased owners. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Continued to May.

20. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for modification of the Nora Coalbed Field Rules to allow drilling of an additional well in units AV41 to AV52, AW41 to AW52, AX41 to AX47, AX50 to AX52, AY41 to AY47, AY50 to AY51, Ervinton District, Dickenson County, Virginia. Docket Number 89-0126-0009-08.

The applicant seeks to modify a portion of the Nora Coalbed Field rules to allow for drilling of multiple wells in each 60-acre unit. The original field rule allows for one well per 60-acre unit. Five areas of the Nora Field have previously been approved for multiple wells. Continued to May.

21. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for modification of the Nora Coalbed Field Rules to allow drilling of an addition well in units AZ67- AZ73, BA67 to BA73, BB67 to BB73, BC67 to BC72, BD67 to BD73, BE67 to BE68, BE70 to BE73, BF71 to BF73, BG71 to BG73, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 89-0126-0009-09.

The applicant seeks to modify another portion of the Nora Coalbed Field rules to allow for drilling of multiple wells in each 60-acre unit. The original field rule allows for one well per 60-acre unit. Five areas of the Nora Field have previously been approved for multiple wells. Continued to May.

22. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for disbursement of funds and authorization for direct payment of royalties on Tract 2, Unit VC-505187, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-02-0618-1035-01. Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to May.

23. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC appealing a decision by the Director of the Division of Gas and Oil to deny issuance of permits in units for which CNX is not the Board's designated operator. Docket Number VGOB-07-0417-1921.

The Director denies issuance to CNX Gas Company, LLC of two permits to drill new gas wells. The denials were based on the conclusion reached in IFFC 19607 (see item 3, above) that only the Board-designated operator of statutory units is eligible for permits to drill within such units. Continued to May.

The Virginia Gas and Oil Board called for public comments regarding Board matters immediately following the final Docket item. No comments were heard.

The deadline for filing of petitions to the Board for the May 2007 hearing is 5 p.m., Friday, April 13 2007 with the hearing scheduled for 9 a.m. on Tuesday, May 15, 2007 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.